

# KATHMANDU DECLARATION “TAX AND FISCAL JUSTICE TO ADDRESS RISING INEQUALITY IN SOUTH ASIA”

27-30 March 2019, Kathmandu, Nepal

We, citizens of several South Asian countries- Bangladesh, India, Nepal, Pakistan and Sri Lanka- who are working for the rights of the common people in various sectors as members of parliament, political parties, civil society and mass-based organisations, academia and activists, gathered in Kathmandu, Nepal from 27 to 30th of March 2019 to discuss importance of tax and fiscal policies and the role of public spending on addressing multiple inequalities in the region. We are very concerned about the shocking rise in inequalities affecting millions of people especially women and working class people in South Asia. Therefore, as we promised in our first convergence held in Negombo, Sri Lanka in November 2018 not to be silent and fight to create fairer and more equal societies for our children and future generations, we reiterate our concerns listed below.

1. We are deeply concerned with the adverse impacts of indirect taxes that are imposed on daily essentials, including health and educational needs of people; the tax regime exempts the rich from taxes and helps them accumulate wealth, while it deprives common people of even the most basic needs.
2. We appreciate the policy commitment of South Asian Governments to gender-responsive budgeting, yet the budget policies and procedures are not gender sensitive and responsive leading to narrowing of the space and opportunities for promoting gender justice in governance system and public spending.
3. We demand that the governments of South Asian countries make immediate efforts to revisit their tax regime and make it progressive in order to increase the tax to GDP ratio, to mobilise tax revenue through progressive direct taxes and reduce the burden of indirect taxes.
4. We express our grave concerns on the concentration of wealth in the hands of a few. We condemn the neo-liberal economic policies that promote elite capture of politics and national economy causing a rise in the wealth concentration. We call upon the governments of countries in South Asia to take immediate policy interventions and programmatic measures that prevent elites from capturing the policy and governance space, and redistribute resources to the people and protect the life of the common people.
5. We observe the consistent rise in the military and defence expenditures in many South Asian Countries that contribute to the weakening of democracy, justice and human rights of its citizens. We call upon the governments to redirect the budget towards education, health and social protection for the citizens.
6. We demand that the concerned governments rationalise tax incentives, tax exemptions and tax holidays, and end those that are unproductive but are given on the pretext of attracting investments. Such measures drain the public exchequer of tax revenue and result in increased inequality. We call upon the governments of South Asian countries to come together, collaborate and promote south-south cooperation aiming to promote peaceful co-existence and united South Asia to fight unfair world economic order.
7. The wage gaps have been observed to be very high and not proportionate to market inflation. The working class people are strained and distressed with their income. Women workers and their dominant sectors of engagement such as agriculture, domestic work and care work are

subjected to low wages and no wages. We demand that the governments must take pro-active initiatives to end the gender pay gap, ensure appropriate and liveable wages that would lead to a decent life for all occupations, for men and women, and in women dominant labour sectors.

8. We demand that South Asian governments recognise, reduce and redistribute women's unpaid work, especially care work, through valuation and equal distribution of household responsibilities for both men and women.
9. We demand the promotion of representation of women and working-class people in decision making and political processes and institutions as they are essential for challenging all the causes of inequalities. We urge the political parties and the governments of South Asian countries to provide a minimum of 33 per cent of the seats for women's participation at all decision-making levels in the party and in the state machinery to create a gender-sensitive environment. We expect this percentage to rise to 50 per cent as women form half of the world's population and their presence in equal numbers in the political and decision-making levels is important to reduce inequality.
10. We demand the governments to publish the status of capital flight and tax evasion by individuals and corporate entities in the form of a White Paper on a regular basis. We also demand strong legal provisions and implementation of existing laws to disqualify tax evaders from the electoral process and in any public position.
11. We the people's campaigns and organisations in South Asia would commit ourselves to take a firm step on our struggle for challenging inequality and would continue engagement with governments and people's movement for creating fair and just economic order at our national and regional levels.

As per our commitment during the Negombo Convergence 2018 to unite South Asians and mobilise them to create visible actions, we have formed a **South Asia Tax and Fiscal Justice Alliance** to organise campaigns for tax and fiscal justice and to fight against inequality in South Asia region. We all, the participating individuals and organisations, are members of this initiative and would like to call upon all interested individuals, organisations and movements to join the alliance to address a crucial situation of rising inequality and the role of taxation and public spending at national and regional levels.

To achieve these demands, we decide to come together and,

- Campaign across the region to create awareness on tax and fiscal justice and its importance in reducing inequality.
- Train and mobilise people around the demands and create visible actions across the region.
- Engage in evidence-based advocacy at local, national and regional levels to make our demands more evidence-based and conduct research at the national level on taxation to come up with appropriate analysis to make the system more progressive to reduce the inequality.
- Pressurize the governments to include the elements of gender responsiveness while formulating budget so as to ensure the collection and allocation of public resources is carried out in such a way that are effective and contribute to gender justice and promote women's empowerment.

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